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BOB STUMP, Chairman
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ARIZONA CORPORATION COMMISSION
CONTROL

IN THE MATTER OF THE
APPLICATION OF TUCSON ELECTRIC
POWER COMPANY FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON
THE FAIR VALUE OF ITS
OPERATIONS THROUGHOUT THE
STATE OF ARIZONA

Docket No. E-01933A-12-0291

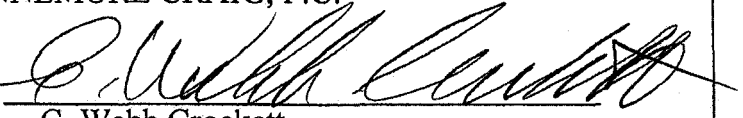
**JOINDER OF FREEPORT-
MCMORAN COPPER & GOLD INC.
AND ARIZONANS FOR ELECTRIC
CHOICE AND COMPETITION IN
TUCSON ELECTRIC POWER
COMPANY'S INITIAL POST-
HEARING BRIEF AND THE
PROVISION OF AN ADDITIONAL
CLARIFYING STATEMENT**

Freeport-McMoRan Copper & Gold Inc. and Arizonans for Electric Choice and Competition (collectively "AECC"), join Tucson Electric Power Company ("TEP") in the filing of TEP's Initial Post-Hearing Brief and provide an additional clarifying statement that the revised version of TEP Exhibit DGH-2 set forth in TEP late filed Ex. TEP-11 is acceptable to AECC as set forth in Attachment 1.

RESPECTFULLY SUBMITTED this 22nd day of March 2013.


FENNEMORE CRAIG, P.C.

By


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Arizona Corporation Commission
DOCKETED

MAR 22 2013

DOCKETED BY 

Attorneys for Freeport-McMoRan Copper & Gold Inc. and Arizonans for Electric Choice and Competition

1 **ORIGINAL and 13 COPIES** of the foregoing
2 **FILED** this 22nd day of March 2013 with:

3 Docket Control
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7 **COPY** of the foregoing was **HAND-DELIVERED/**
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ATTACHMENT 1

Attachment 1

This supplemental discussion is intended to clarify AECC's position with respect to TEP's "Existing EE Rule Option" as presented in Exhibit DGH-2 (included in Ex. TEP-2) and discussed at hearing by TEP witness Hutchens¹ and AECC witness Higgins².

As discussed at hearing, AECC supports the five-year amortization period proposed for energy efficiency investments and believes that this approach offers certain ratemaking advantages compared to treating all energy efficiency expenditures as annual expense.³ At the same time, AECC recognizes that if the Commission rejects this provision of the Settlement Agreement, then it will be necessary for TEP to offer an alternative energy efficiency plan in its place. It is AECC's understanding that TEP's presentation of the "Existing EE Rule Option" was intended to provide a framework for that purpose, yet as discussed at hearing, the "Existing EE Rule Option" proposed by TEP is not part of the Settlement Agreement.⁴ AECC indicated that if the Commission rejected the five-year amortization and wished to pursue a different approach, then AECC would appreciate having a venue in which the details of the alternative would be vetted.⁵

Subsequent to the hearing, TEP filed Ex. TEP-11, entitled Exhibit DGH-2 (Revised). The revisions included in Ex. TEP-11 provide additional details concerning the DSM surcharge rate design and rate impact proposed by TEP in the "Existing EE Rule Option." After review of Ex. TEP-11, AECC has concluded that the additional rate design detail in

¹ Hearing Transcript ("Tr.") (Hutchens) at 154-155.

² Tr. (Higgins) at 258.

³ Tr. (Higgins) at 251-252.

⁴ Tr. (Higgins) at 258.

⁵ Tr. (Higgins) at 279.

1 Ex. TEP-11 is consistent with the rate design provisions of the Settlement Agreement.
2 Given the clarification provided by TEP, AECC does not object to the framework
3 proposed by TEP in the “Existing EE Rule Option” in Ex. TEP-11. Therefore, if the
4 Commission rejects the five-year amortization provision in the Settlement Agreement and
5 instead adopts the terms in the framework incorporated in Ex. TEP-11, AECC would not
6 seek a special hearing for the purpose of further vetting the terms in Ex. TEP-11.